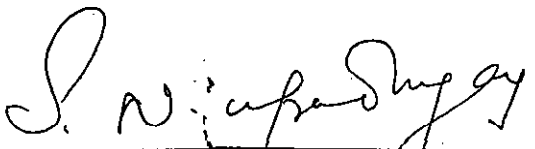


## MEMORANDUM OF UNDERSTANDING

Representatives of His Majesty's Government of Nepal and the Government of the United States of America met in Washington, D.C. on June 18-20, 1997 to discuss the development of trade in cotton terry cloth towels (category 363) as a result of the request for consultations of the United States of April 23, 1997. They agreed to amend the bilateral agreement effected by an exchange of notes dated December 2, 1993 and July 22, 1994, as amended and extended, as follows:

1. To establish a specific limit on category 363, beginning in 1997 and continuing for the lifetime of the bilateral agreement. In calendar year 1997, the limit will be established at a level of 6,500,000 numbers. For the remaining years of the bilateral agreement, the limit will be increased annually by 6 percent.
2. Flexibility provisions available under the Agreement (swing, carryover and carryforward), will also be applied.
3. The provisions of the Memorandum will be applied on signature.



For His Majesty's Government of  
Nepal

June 20, 1997



For the Government of  
The United States of America